

Message Text

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ACTION AID-59

INFO OCT-01 NEA-10 ISO-00 AGR-05 EB-07 COME-00 L-03

CIAE-00 INR-07 NSAE-00 DODE-00 TRSE-00 OMB-01 FRB-03

XMB-02 SP-02 /100 W

----- 017208

R 111510Z JUL 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 5949

C O N F I D E N T I A L RABAT 3372

E.O. 11652: GDS

TAGS: EAID CA MO

SUBJ: PL-480 AND CCC CREDIT REQUEST: MOROCCO

1. ON JULY 9 ECOUN AND USAID DIRECTOR WERE CALLED TO FINMIN FOR FURTHER TALKS ON GOM PL-480 AND CCC CREDIT REQUESTS. WERE INFORMED THAT WHILE LATE RAINS HAVE SOMEWHAT IMPROVED OUTLOOK FOR MAIZE, AND AGGREGATE YIELD OF ALL GRAINS MAY NOW BE IN RANGE OF 45/50 PER CENT OF AVERAGE, WHEAT SHORTAGE REMAINS SERIOUS AND BARLEY OUTLOOK IS DISASTROUS. OVERALL GRAINS SHORTFALL CURRENTLY FORECAST AT 2.2 MILLION MT. MOROCCAN EMBASSY IN WASHINGTON HAS BEEN INSTRUCTED TO MAKE THESE NEEDS KNOWN AS FORCIBLY AS POSSIBLY AND FIN MIN SPOKESMAN EXPRESSED HOPE EMBASSY RABAT WOULD DO SAME.

2. UNDERLINING NEED, MINISTRY OFFICIAL ASSERTED THAT MOROCCAN BALANCE OF PAYMENTS WILL EXPERIENCE DH 1000 MILLION TURNAROUND, WITH OVERALL DEFICIT EXPECTED TO REACH DH 600 MILLION (\$160 MILLION). ADDED THAT NATIONAL BUDGET AND DEVELOPMENT PLAN UNDERGOING SUBSTANTIAL REVISIONS REFLECTING DECREASED FINANCIAL AVAILABILITIES, THOUGH IT TOO EARLY TO PROVIDE FIGURES.

3. COMMENT: WE HAVE DONE B/P ARITHMETIC SEVERAL TIMES AND CAN APPROXIMATE FINMIN CALCULATION ONLY WHEN ANTICIPATED 200 MILLION EURO-BORROWING REPORTED RABAT 1760 AND 3015 (CONFIRMED BY CASABLANCA 0530) TAKEN INTO ACCOUNT. OTHER-
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WISE OUR CALCULATIONS SHOW PROBABLE \$370-\$400 MILLION

DEFICIT REFLECTED IN RECENTLY TRANSMITTED FY-77 AID BUDGET SUBMISSION AND FORTHCOMING TRENDS REPORT, BOTH OF WHICH IGNORE EURO-MARKET BORROWING AS STILL HYPOTHETICAL. FOR ANALYSIS PROBABLE NATURE DEVELOPMENT PLAN REVISIONS AND GENERAL MID-YEAR ECONOMIC ASSESSMENT SEE RABAT 2951, 3015, AND 3172. END COMMENT.

4. ECONOMIC ELEMENTS COUNTRY TEAM HAVE AGAIN REVIEWED WHEAT REQUEST IN LIGHT OF INFORMATION RECEIVED DURING MINISTRY CALL AND OTHER AVAILABLE DATA ON CURRENT CROP OUTLOOK AND ECONOMIC PERSPECTIVES AND RECONFIRM RECOMMENDATIONS CONTAINED RABAT 2770 AND PREVIOUS.
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Margaret P. Grafeld
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